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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/791,518	03/01/2004	A. (Tony) Bradley	P06703US01	2747
22885	7590	11/19/2008		
MCKEE, VOORHEES & SEASE, P.L.C. 801 GRAND AVENUE SUITE 3200 DES MOINES, IA 50309-2721			EXAMINER ROSEN, ELIZABETH H	
			ART UNIT 3692	PAPER NUMBER
			MAIL DATE 11/19/2008	DELIVERY MODE PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/791,518

Applicant(s)

BRADLEY ET AL.

Examiner

ELIZABETH ROSEN

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Period for Reply -- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 05 September 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 46-54 and 62-65 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 46-54 and 62-65 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SF/08)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

Status of Claims

1. This action is in reply to the Amendment and Response filed on September 5, 2008.
2. Claims 1-45 and 55-61 have been canceled.
3. Claims 62-65 have been added.
4. Claims 46-54 and 62-65 are currently pending and have been examined.

Response to Arguments

5. The Examiner has pointed out particular references contained in the prior art of record within the body of this action for the convenience of the Applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply. Applicant, in preparing the response, should consider fully the entire reference as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the Examiner.

6. Examiner would like to point out that the Supreme Court in *KSR International Co. v. Teleflex Inc.* described seven rationales to support rejections under 35 U.S.C. 103:

- Combining prior art elements according to known methods to yield predictable results;
- Simple substitution of one known element for another to obtain predictable results;
- Use of known technique to improve similar devices (methods, or products) in the same way;
- Applying a known technique to a known device (method, or product) ready for improvement to yield predictable results;
- "Obvious to try" –choosing from a finite number of identified, predictable solutions, with a reasonable expectation of success;
- Known work in one field of endeavor may prompt variations of it for use in either the same field or a different one based on design incentives or other market forces if the variations would have been predictable to one of ordinary skill in the art; and
- Some teaching, suggestion, or motivation in the prior art that would have led one of ordinary skill to modify the prior art reference or to combine prior art reference teachings to arrive at the claimed invention.

Prior art is not limited just to the references being applied, but includes the understanding of one of ordinary skill in the art. The prior art reference (or references when combined) need not teach or suggest

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all the claim limitations; however, Office personnel must explain why the difference(s) between the prior art and the claimed invention would have been obvious to one of ordinary skill in the art. The "mere existence of differences between the prior art and an invention does not establish the invention's nonobviousness." see *Dann v. Johnson*, 425 U.S. 219, 230 (1976).

7. Applicant argues that "Mercer et al. does not disclose all which the Office Action purports [and there is no] convincing evidence to combine the references in the purported manner." Carmichael discloses the following:

"After the finance company gives its approval, it obtains a security agreement which in effect provides a lien on the merchandise shipped to the dealer under a given approval number." (Page 1, Paragraph 6)

"During the 90-day period, the floorplan finance company checks the dealer's 'floor' every 30 days to determine which merchandise has been sold. the method of ensuring that the dealer meets his flooring obligation is known as 'pay-as-sold.' If it is discovered that merchandise has been sold and the finance company has not already received the dealer's check, the dealer is considered 'sold out of trust' and must immediately give the finance company representative a check for the amount due on the sold merchandise." (Page 2, Paragraph 1)

Therefore, Carmichael discusses floorplanning and explains that there is an agreement between the finance company and the dealer that provides that the vehicles (or other inventory) are collateral for the loan that the dealer gets from the finance company in order to purchase the vehicles (or other inventory) from the manufacturer. Because the finance company wants to be sure that it is being paid for any vehicles that are sold, the finance company continuously checks the dealer's floor to determine what merchandise is still on the floor and what has been sold.

8. Mercer discloses, in at least Paragraphs 0009-0012, that RFID tags and similar devices can be used to track inventory such as vehicles on a dealer's lot. It would be obvious to combine Mercer with Carmichael because Mercer's RFID tag and bar code would provide an efficient way for the finance company to track the inventory on the dealer's floor and make sure it is receiving its payments for any vehicles that have been sold. Rather than sending someone from the finance company over to the dealer each month to audit the inventory, the finance company can put tags or labels on the vehicles. This would either allow the finance company to automatically track the vehicles and always know their location or it would allow the dealers to remotely prove to the finance company that certain vehicles are still on the lot and have not yet been sold.

9. Applicant further argues that Carmichael teaches away from the invention because it states that "A movement away from the traditional pay-as-sold type of floorplanning is occurring because of the high

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cost of periodic floor checks and the difficulty in auditing dealers with fast inventory turns." However, as explained, Mercer solves this problem because it makes floor checks easy and inexpensive.

10. Applicant further argues that "[t]here is a long-felt need for the invention as evidenced by the Carmichael reference." However, Mercer, as combined with Carmichael, solves the need for this invention by providing an efficient method of auditing dealers.

Claim Rejections - 35 USC § 101

11. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

12. **Claims 62-65** are rejected under 35 U.S.C. 101 because they are directed to non-statutory subject matter. Based on Supreme Court precedent, a method/process claim must (1) be tied to another statutory class of invention (such as a particular apparatus) (see at least *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing (see at least *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972)). A method/process claim that fails to meet one of the above requirements is not in compliance with the statutory requirements of 35 U.S.C. 101 for patent eligible subject matter. Here the claims fails to meet the above requirements because the steps are neither tied to another statutory class of invention (such as a particular apparatus) nor physically transform underlying subject matter (such as an article or materials) to a different state or thing.

Claim Rejections - 35 USC § 103

13. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

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14. **Claims 46-51, 62, 63, and 65** are rejected under 35 U.S.C. 103(a) as being unpatentable over **Carmichael**, 1992 in view of **Mercer et al.**, U.S. Patent Application Publication Number 2004/0088228 A1.

Claim 46:

Carmichael discloses the limitations of:

- notifying the second party of an audit of the asset (see at least **Carmichael**, Page 2, Paragraph 1 ("During the 90-day period, the floorplan finance company checks the dealer's 'floor' every 30 days to determine what merchandise has been sold. This method of ensuring that the dealer meets his flooring obligation is known as 'pay-as-sold.'")); and
- determining that the second party is complying or not complying with the agreement based on the audit information (see at least **Carmichael**, Page 2, Paragraph 1 ("During the 90-day period, the floorplan finance company checks the dealer's 'floor' every 30 days to determine what merchandise has been sold. This method of ensuring that the dealer meets his flooring obligation is known as 'pay-as-sold.'"))).

Carmichael does not disclose, but **Mercer**, however, does disclose:

- requiring the second party to electronically read at least one identification tag associated with the audit (see at least **Mercer**, Paragraph 0011 ("An RFID tag encoded with vehicle-specific information may be attached to or embedded in both the window sticker and key tag label for identification and tracking purposes."); Paragraph 0033; Paragraph 0045; and Paragraph 0046); and
- requiring the second party to send audit information based on the at least one identification tag to the first party (see at least **Mercer**, Paragraph 0011; Paragraph 0012 (Data regarding the location of a vehicle is transmitted.)).

It would have been prima facie obvious to one of ordinary skill in the art at the time of the invention to incorporate **Mercer's** method of using RFID tags to track vehicles with **Carmichael's** method of floor plan financing. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of making it easier and more efficient for lenders in floor plan financing to determine whether a vehicle has been removed from the dealership of the borrower. If a vehicle has been removed from a dealership, then that signifies that the vehicle has been sold and a payment is due to the lender.

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Claim 47:**Carmichael** further discloses:

- wherein the asset is a vehicle (see at least Carmichael, Page 1, Paragraph 1 ("Floorplanning is the financing of dealer or distributor inventory by either a finance company or a bank. This type of inventory financing has been in existence for many years, particularly in the automotive [industry]."))).

Claim 48:**Carmichael** further discloses:

- wherein the second party to the agreement is a vehicle dealer (see at least Carmichael, Page 1, Paragraph 1 ("Floorplanning is the financing of dealer or distributor inventory by either a finance company or a bank. This type of inventory financing has been in existence for many years, particularly in the automotive [industry]."))).

Claim 49:**Carmichael** further discloses:

- wherein the agreement is a financing agreement (see at least Carmichael, Page 1, Paragraph 1 ("Floorplanning is the financing of dealer or distributor inventory by either a finance company or a bank. This type of inventory financing has been in existence for many years, particularly in the automotive [industry]."))).

Claim 50:**Carmichael** does not disclose, but **Mercer**, however, does disclose:

- wherein the at least one identification tag includes a radio frequency identification tag (see at least Mercer, Paragraph 0011 ("An RFID tag encoded with vehicle-specific information may be attached to or embedded in both the window sticker and key tag label for identification and tracking purposes."); Paragraph 0046; Paragraph 0057; and Paragraph 0058).

It would have been prima facie obvious to one of ordinary skill in the art at the time of the invention to incorporate Mercer's method of using RFID tags to track vehicles with Carmichael's method of floor plan financing. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of making it easier and more efficient for lenders in floor plan financing to determine whether a vehicle has been removed from the dealership of the borrower. If a vehicle has been removed from a

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dealership, then that signifies that the vehicle has been sold and a payment is due to the lender.

Claim 51:

Carmichael does not disclose, but Mercer, however, does disclose:

- wherein the at least one identification tag includes a bar code (see at least Mercer, Paragraph 0046 ("The handheld computing device 102 is preferably a pocket PC containing a bar code scanner/reader and an RFID tag reader."); Paragraph 0050; and Paragraph 0056).

It would have been prima facie obvious to one of ordinary skill in the art at the time of the invention to incorporate Mercer's method of using a bar code on identification tags to track vehicles with Carmichael's method of floor plan financing. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of making it easier and more efficient for lenders in floor plan financing to determine whether a vehicle has been removed from the dealership of the borrower. If a vehicle has been removed from a dealership, then that signifies that the vehicle has been sold and a payment is due to the lender.

Claim 62:

Carmichael further discloses:

- wherein the asset is from a set consisting of a car, a truck, a recreational vehicle, a boat, a motorcycle, construction equipment, farm equipment, manufacturing equipment, containerized freight, art, an antique, and a collectible (see at least Carmichael, Page 1, Paragraph 1 ("Floorplanning is the financing of dealer or distributor inventory by either a finance company or a bank. This type of inventory financing has been in existence for many years, particularly in the automotive [industry].")).

Claim 63:

Claim 63 is rejected using the same rationale that was used for the rejection of Claim 51.

Claim 65:

Carmichael discloses the limitations of:

- determining compliance or non-compliance with the agreement based on the audit information (see at least Carmichael, Page 2, Paragraph 1 ("During the 90-

day period, the floorplan finance company checks the dealer's 'floor' every 30 days to determine what merchandise has been sold. This method of ensuring that the dealer meets his flooring obligation is known as 'pay-as-sold.'").

Carmichael does not disclose, but **Mercer**, however, does disclose:

- initiating the self-audit by requesting an electronic reading of at least one identification tag associated with an asset (see at least **Mercer**, Paragraph 0011 ("An RFID tag encoded with vehicle-specific information may be attached to or embedded in both the window sticker and key tag label for identification and tracking purposes."); Paragraph 0033; Paragraph 0045; and Paragraph 0046); and
- receiving audit information based on the electronic reading of the at least one identification tag (see at least **Mercer**, Paragraph 0011; Paragraph 0012 (Data regarding the location of a vehicle is transmitted.)).

It would have been prima facie obvious to one of ordinary skill in the art at the time of the invention to incorporate **Mercer**'s method of using RFID tags to track vehicles with **Carmichael**'s method of floor plan financing. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of making it easier and more efficient for lenders in floor plan financing to determine whether a vehicle has been removed from the dealership of the borrower. If a vehicle has been removed from a dealership, then that signifies that the vehicle has been sold and a payment is due to the lender.

15. **Claim 52** is rejected under 35 U.S.C. 103(a) as being unpatentable over **Carmichael**, 1992 in view of **Mercer et al.**, U.S. Patent Application Publication Number 2004/0088228 A1, and further in view of **Hull et al.**, U.S. Patent Application Publication Number 2004/0041707 A1.

Claim 52:

Carmichael does not disclose, but **Hull**, however, does disclose:

- wherein the audit information comprises a hash (see at least **Hull**, Paragraph 0057 (A hash code is incorporated in a RFID tag.)).

It would have been prima facie obvious to one of ordinary skill in the art at the time of the invention to incorporate **Hull**'s method of using RFID tags with a hash code to track vehicles with **Carmichael**'s method of floor plan financing. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of making it easier

and more efficient for lenders in floor plan financing to determine whether a vehicle has been removed from the dealership of the borrower. If a vehicle has been removed from a dealership, then that signifies that the vehicle has been sold and a payment is due to the lender.

16. **Claims 53, 54, and 64** are rejected under 35 U.S.C. 103(a) as being unpatentable over **Carmichael**, 1992 in view of **Mercer** et al., U.S. Patent Application Publication Number 2004/0088228 A1, and further in view of **Adams** et al., U.S. Patent Application Publication Number 2003/0031819 A1.

Claim 53:

Carmichael does not disclose, but **Adams**, however, does disclose:

- wherein each of the at least one identification tag is fraud resistant (see at least **Adams**, Paragraph 0005).

It would have been prima facie obvious to one of ordinary skill in the art at the time of the invention to incorporate **Adams**' method of using fraud resistant RFID tags to track vehicles with **Carmichael**'s method of floor plan financing. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of making it easier and more efficient for lenders in floor plan financing to determine whether a vehicle has been removed from the dealership of the borrower. If a vehicle has been removed from a dealership, then that signifies that the vehicle has been sold and a payment is due to the lender. Furthermore, it would be obvious to make the tags tamper proof in order to prevent fraud such as the removal of the tag from the vehicle and making it appear that the vehicle has not been sold and is still located at the dealership.

Claim 54:

Carmichael does not disclose, but **Adams**, however, does disclose:

- wherein each of the at least one identification tag is self-destructing (see at least **Adams**, Paragraph 0005).

It would have been prima facie obvious to one of ordinary skill in the art at the time of the invention to incorporate **Adams**' method of using fraud resistant RFID tags to track vehicles with **Carmichael**'s method of floor plan financing. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of making it easier and more efficient for lenders in floor plan financing to determine whether a vehicle has been removed from the dealership of the borrower. If a vehicle has been removed from a

dealership, then that signifies that the vehicle has been sold and a payment is due to the lender. Furthermore, it would be obvious to make the tags tamper proof in order to prevent fraud such as the removal of the tag from the vehicle and making it appear that the vehicle has not been sold and is still located at the dealership.

Claim 64:

Claim 64 is rejected using the same rationale that was used for the rejection of Claim 53.

Conclusion

17. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Elizabeth Rosen whose telephone number is 571-270-1850. The examiner can normally be reached on Monday - Friday, 8:30 am-6:00 pm est, alt Fridays off.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached at 571-272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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/Nga B. Nguyen/

Primary Examiner, Art Unit 3692